

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

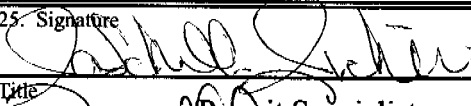
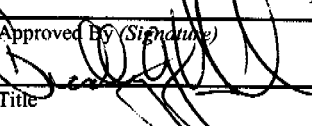
FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. UTU74874		
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name		
2. Name of Operator MEDALLION EXPLORATION			7. If Unit or CA Agreement, Name and No.		
3a. Address 6985 Union Park Center, Ste. 375 Midvale UT 84047			8. Lease Name and Well No. Atchee Federal 32-4-13-25		
3b. Phone No. (include area code) 801-566-7400			9. API Well No. 43047-38771		
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface SWNE 1980' FNL & 1980' FEL At proposed prod. zone 661135X 39.719182 4398070Y - 104.120076			10. Field and Pool, or Exploratory Widest		
11. Sec., T., R., M., or Blk. And Survey or Area Sec. 4 T.13S R25E			12. County or Parish Uintah		
14. Distance in miles and direction from the nearest town or post office* 71.6 Miles South of Vernal, Utah			13. State Utah		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 1980		16. No. of acres in lease 3865.15		17. Spacing Unit dedicated to this well 160 acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA		19. Proposed Depth 4500'		20. BLM/ BIA Bond No. on file UTB000021	
21. Elevations (Show whether DF, RT, GR, etc.) 7183 GR		22. Approximate date work will start* Upon Approval		23. Estimated duration 10 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/ Typed) RaSchelle Richens	Date 7-Mar-06
Title Permit Specialist		
Approved By (Signature) 	Name (Printed/ Typed) BRADLEY G. HILL	Date 10-30-06
Title ENVIRONMENTAL MANAGER		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

**Federal Approval of this
Action is Necessary**

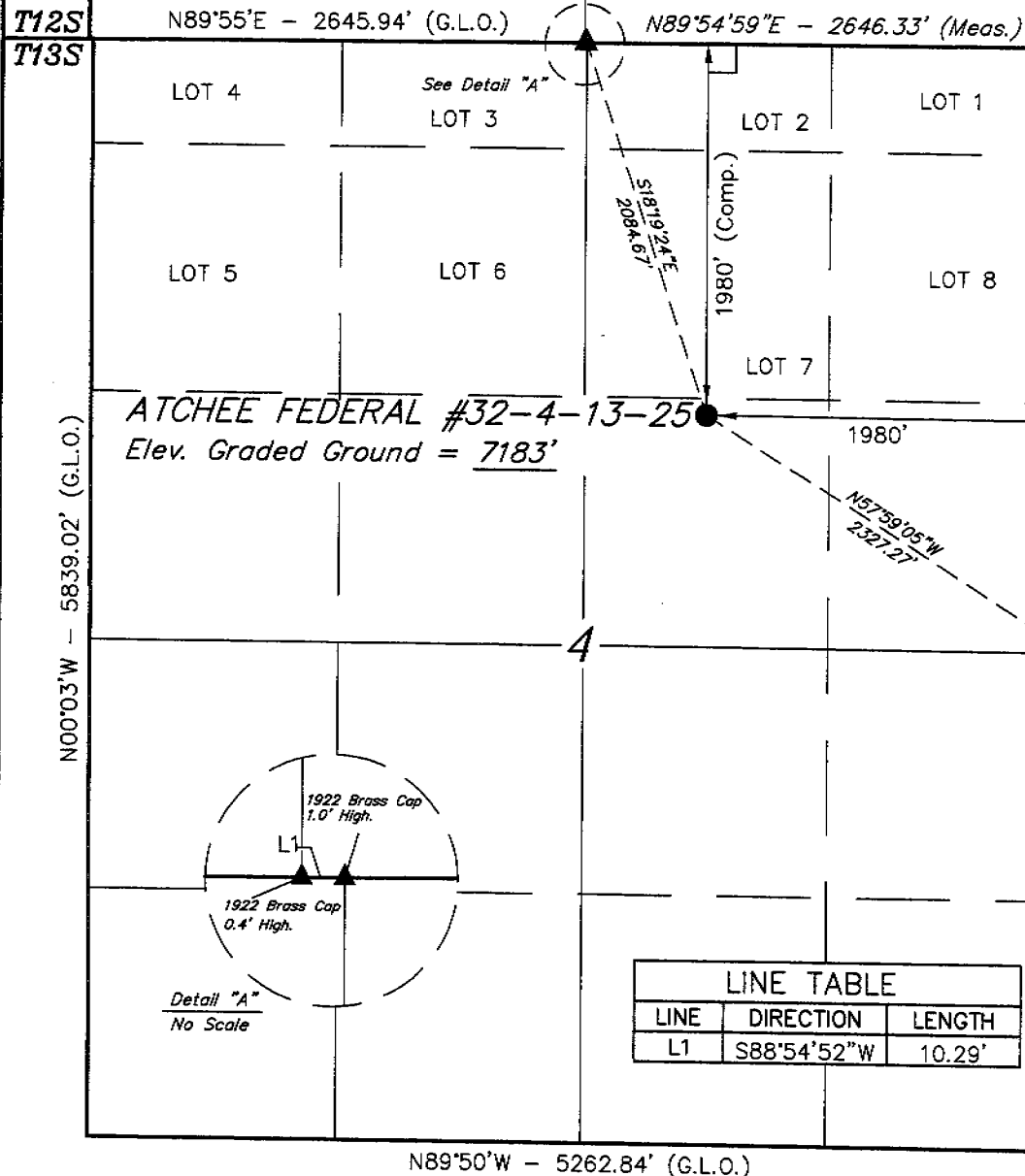
RECEIVED

OCT 27 2006

DIV. OF OIL, GAS & MINING

T13S, R25E, S.L.B.&M.

Sec. 33



N89°50'W - 5262.84' (G.L.O.)

(AUTONOMOUS NAD 83)

LATITUDE = 39°43'09.11" (39.719197)

LONGITUDE = 109°07'14.71" (109.120753)

(AUTONOMOUS NAD 27)

LATITUDE = 39°43'09.22" (39.719228)

LONGITUDE = 109°07'12.31" (109.120086)

LEGEND:

└─ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

MEDALLION EXPLORATION

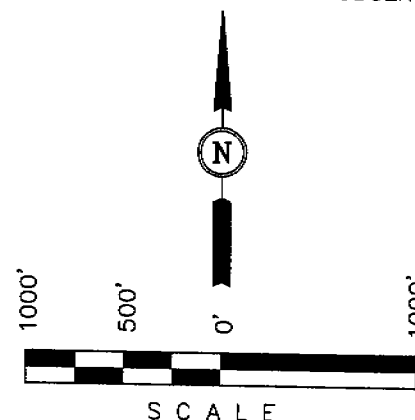
Well location, ATCHEE FEDERAL #32-4-13-25, located as shown in the SW 1/4 NE 1/4 of Section 4, T13S, R25E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT A ROAD INTERSECTION IN THE NW 1/4 OF SECTION 16, T13S, R25E, S.L.B.&M. TAKEN FROM THE BURNT TIMBER CANYON QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7409 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert H. Hays
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 5-12-05	DATE DRAWN: 5-17-05
PARTY A.F. Z.G. L.K.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE MEDALLION EXPLORATION	

Onshore Order No. 1
MEDALLION EXPLORATION
Atchee Federal 32-4-13-25
SW1/4NE1/4 Sec. 4, T13S, R25E
Uintah County, Utah

LEASE NO. UTU74874
DRILLING PLAN

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All Lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

1. **Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Green River	Surface	+6739'
Wasatch	1552'	+5187'
Mesa Verde	2422'	+4317'
T.D	4500'	+2739'

2. **Estimated Depths of Anticipated Water, Oil, Gas or Minerals Formation**

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Wasatch	1552'
Gas	Mesa Verde	2422'
Water	N/A	

All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. **Pressure Control Equipment:** (Schematic Attached)

Medallion Exploration minimum specifications for pressure control equipment are as follows:

Ram Type: 10" Hydraulic double with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be

considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the State representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 2000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.

- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. **Proposed Casing and Cementing Program:**

- a. The proposed casing and cementing program shall be conducted as to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Surface casing shall have centralizers on every fourth joint of casing starting with the shoe joint and up to the bottom of the cellar.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid,

inner string cement method, etc. shall be utilized to help isolated the cement from contamination by the mud fluid being displaced ahead of the cement slurry.

- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not exceed 70 percent of the minimum internal yield. If pressure declines more than 1- percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory well, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing how shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Wt.</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-450'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Production	0-4500'	7-7/8"	5-1/2"	17#	J-55	LT&C	New

- n. Casing design subject to revision based on geologic conditions encountered. If used casing is utilized it will be tested to API standards for new or better casing.
- o. The cement program will be as follows:

Surface
0-450'

Type and Amount
295 sx Class "G" (Yield - 1.16) with 2% Cacl, .25#/sk Celloflake, Vol are 100% excess. Circulate to surface.

Production

Type and Amount
Lead with 115 sacks 28-72 Poz (Yield -3.42) with 10% gel, +6lbs/sk BA-91 Bonding, 0.5% SM +2#/sk KOL seal, +0.25% celloflake. Followed by 360 sacks Class "G" (Yield - 1.53) with 10% Gypsum, +10% salt, +4% FL-52.

Note: Actual volumes to be calculated from caliper log.

- p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient

lead time, in order to have a BLM representative on location while running all casing strings and cementing.

- q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- r. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- s. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock.
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

5. **Mud Program:**

- a. The proposed circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-450'	Native	8.4-8.8	N/A	NC	9.0
0-4500'	LSND	8.4-8.8	36-38	10-15cc	9.0

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:
 - 1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.

- c. No chromate additives will be used in the mud system on State, Federal and/or Indian lands without prior State or BLM approval to ensure adequate protection of fresh water aquifers.
- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.
- e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. **Evaluation Program:**

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if they are run the following will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program consists of a Phaser Induction and Compensated Neutron Density from T.D. to base of surface casing.
- c. Core samples will be taken of the Lower Mesa Verde.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample

description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

- e. The anticipated completion program is as follows:
The Mesa Verde and the Wasatch formations will be perforated, tested and sand fraced if necessary in sequence until a paying zone has been establish.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. **Abnormal Temperatures of Pressures**

- a. No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area.
- b. The maximum anticipated bottom hole pressure will be approximately 900 psi at T.D.

8. **Anticipated Starting Dates and Notification of Operations**

- a. Drilling will commence immediately upon approval of this application and the availability of a Drilling Rig.
- b. It is anticipated that the drilling of this well will take approximately 5 days.
- c. The Bureau of Land Management shall be notified, during regular work hours (7:45 a.m. - 4:30 p.m., Monday through Friday with the exception of holidays), at least 24 hours prior to spudding the well.
- d. Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- e. The date on which productions is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.
- f. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized

Officer. Should gas be vented or flared without approval beyond the authorized test period, the operation may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

- g. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- h. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- i. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.
- j. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revisions.
- k. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- l. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, no later than 5 days following the date on which the well is placed on production.
- m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- n. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the

District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.

- o. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- p. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- q. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5 will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.
- r. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.

ONSHORE ORDER NO. 1
Medallion Exploration
Atchee Federal #32-4-13-25
SW/NE SEC. 4, T13S, R25E S.L.B. & M.
Uintah County, Utah

LEASE NO. UTU 74874
SURFACE USE PLAN
Revised 10/23/06

ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

Location Construction - forty-eight (48) hours prior to construction of location and access roads.

Location Completion - prior to moving on the drilling rig.

Spud Notice - at least twenty-four (24) hours prior to spudding the well.

Casing string and Cementing twenty-four (24) hours prior to running casing and cementing all casing strings.

BOP and Related – Equipment Tests twenty-four (24) hours prior to initiating pressure tests.

First Production – Notice within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

1. Existing Roads

- a. The proposed well site is located approximately 71.6 miles south of Vernal, Utah.
- b. Directions to the location from Vernal, Utah are as follows:
Proceed in an easterly, then southerly direction from Vernal, Utah along U.S. highway 40 approximately 3.9 miles to the junction of state highway 45; exit right and proceed in a southerly direction approximately 36.1 miles to Bonanza; Proceed on paved state highway 45 in a southerly direction approximately 5.4 miles to the junction of this road and gravel state highway 45 to the southeast; turn left and proceed in a southeasterly direction approximately 3.8 miles to the junction of this road and an existing road to the southwest; turn right and proceed in a southwesterly direction approximately 8.4 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 1.4 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 3.6 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 7.5 miles to the junction of this road and an existing road to the north east; turn left and proceed in a northeasterly, direction approximately 1.6 miles to the beginning of the proposed access to the northwest; follow road flags in a northwesterly direction approximately 110' to proposed location.

- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. Improvement to the existing access will not be necessary.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.
- g. All pipelines will be installed within the corridor of the road.

2. Planned Access Roads

- a. Approximately 110' of new construction will be required as shown on Map B.
- b. The maximum grade of the new construction will be approximately 5%.
- c. No turnouts are planned.
- d. No low water crossings will be necessary. There are no major cuts and fills. No culverts and/or bridges will be required.
- e. The new access road was centerline flagged at the time of staking.
- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- h. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. (1989).
- i. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainage's be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions.

Should mud holes develop, they shall be filled in and detours around them avoided.

- j. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well,. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produce, stored, transported, or disposed of in association with the drilling of this well.

3. **Location of Existing Wells Within a 1-Mile Radius of the Proposed Location. See Map #C).**

- a. Water wells - none.
- b. Injection wells - none
- c. Producing wells - none
- d. Drilling wells - none
- e. Shut-in wells - none
- f. Temporarily abandoned wells - none
- g. Disposal wells - none
- h. Abandoned wells - none
- i. Dry Holes - none

4. **Location of Tank Batteries and Production Facilities.**

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Olive Black . All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. A Sundry Notice (Form 3160-5)will be submitted showing placement of all production facilities prior to construction.
- d. All loading lines will be placed inside the berm surrounding the tank battery.

- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with all regulations for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. Any necessary pits will be properly fenced to prevent any wildlife entry.
- h. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- i. All off-lease storage, off-lease measurement, or commingling on-lease or off lease will have prior written approval from the District Manager.
- j. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- k. The road will be maintained in a safe useable condition.
- l. All pipelines will be buried within ROW.

5. Location and Type of Water Supply

- a. All water needed for drilling purposes will be obtained from Seep Canyon 19-12-25 well located in Sec. 19, T12S, R25E. A copy of the temporary permit with the temporary permit number and point of diversion is submitted with APD. The permit will be forwarded to the appropriate agency's as soon as received by the Department of Natural Resources, Division of Water Rights.
- b. Water will be hauled to location over the roads marked on Maps A and B.
- c. No water well is to be drilled on this lease.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge. If fractured rock is encountered, a 12 mil plastic nylon reinforced liner will be utilized. The pit will be lined with sufficient bedding (either straw or dirt) to cover any rocks. The 15 ML liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the AO. If a pit liner is deemed to be unnecessary, the pit must be inspected by a representative of the Bureau of Land Management prior to putting fluids in the pit.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. Drill cuttings are to be contained and buried in the reserve pit.
- e. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- f. A chemical porta-toilet will be furnished with the drilling rig.
- g. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

There are no airstrips, camps or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. The operator or his/her contractor shall contact the BLM Office forty-eight (48) hours prior to construction of activities.
- b. The reserve pit will be located on the north side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the west side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the southwest corner of the location between points B & C and the west side between points 6 and 4.
- e. Access to the well pad will be from the south between points 2 and 3.

- f. See location layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the location layout.
- h. During construction, all brush will be removed from the well pad and access road and stockpiled separately from the topsoil.
- i. All pits will be fenced according to the following minimum standards.
 - 1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 - 2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 - 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 - 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- J. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. Plans for Restoration of Surface

Producing Location

- a. Immediately upon well completion the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed.
- c. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.

The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.

- c. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the AO.

The seed mixture for reclamation work will be 6#/ac. Western Wheat grass and 6.0#/ac. Needle and Thread as recommended by the authorized officer of the BLM. Seeding will be performed in the fall after September 15 or until permanent ground freeze. Any other seeding period will require the approval of the authorized officer.

Dry Hole

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads - All roads are County maintained.

Wellpad - The well pad is located on Federal lands

12. Other Information

- a. A Class III archeological survey was conducted by Montgomery Archaeological Consultants. No cultural resources were found and clearance has been recommended. A copy of this is attached.
- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archeological sites, or for collecting artifacts. If historic or archeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the Operator as to:
 - whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - A time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer,

13. **CERTIFICATION**

**RaSchelle Richens
6985 Union Park Center, Ste. 375
Midvale, Utah 84047
801-566-7400**

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

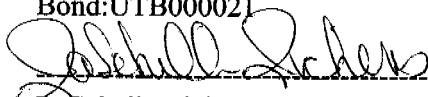
A complete copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location s and drilling activities.

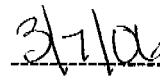
The operator of his/her contractor shall contact the BLM office at (435) 781-4400 forty-eight (48) hours prior to construction activities.

The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Medallion Exploration and its contractors and sub contractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18.U.S.C.100 for the filing of a false statement.

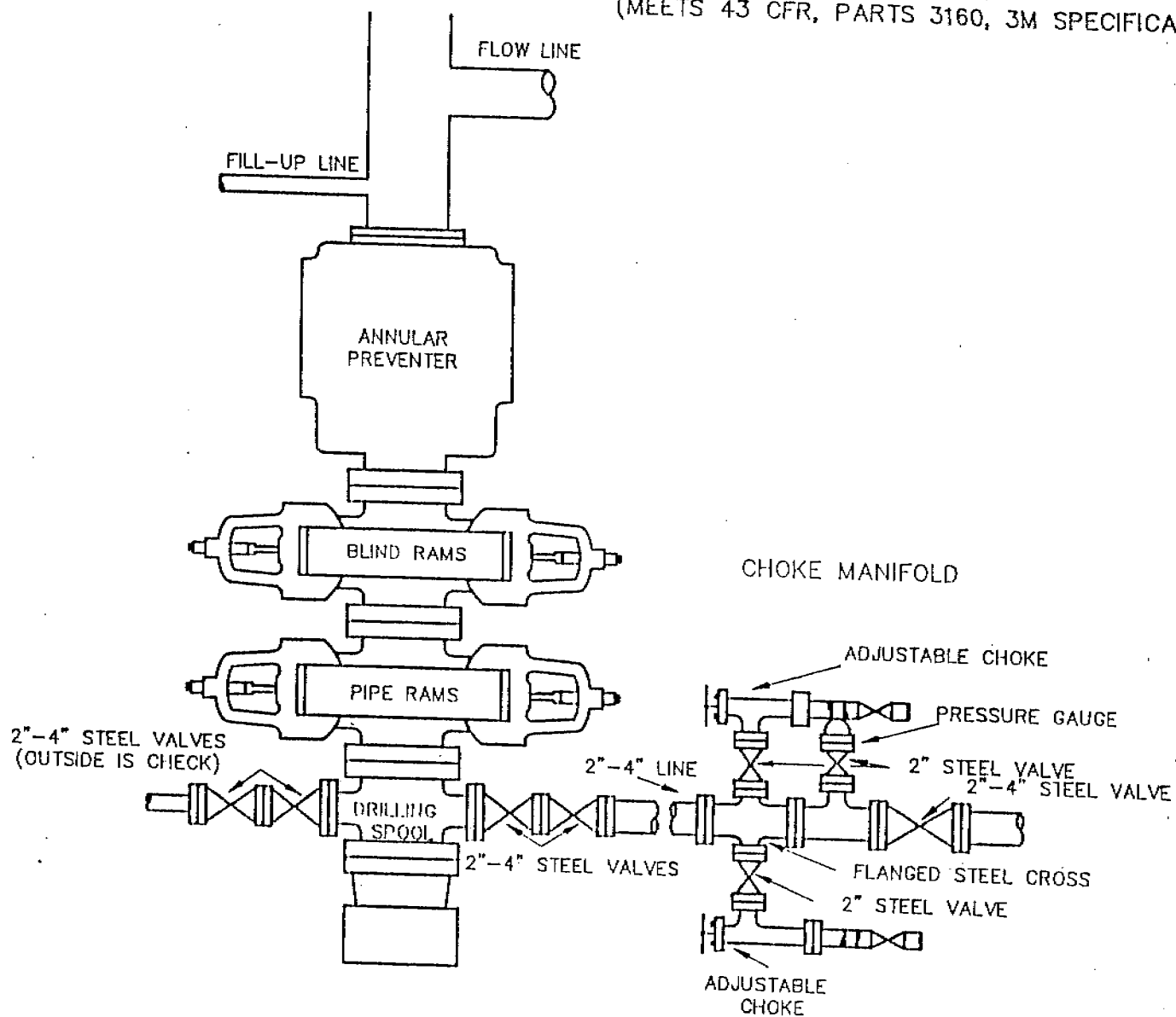
Please be advised that Medallion Exploration is considered to be the operator of Well No. Atchee Federal 32-4-13-25 SWNE Sec. 4, T13S, R25E, Lease UTU-74874; Uintah County, and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage pursuant to 43 CFR3104 for lease activities is being provided by Medallion Exploration BLM Bond:UTB000021


RaSchelle Richens – Regulatory Affairs


Date

Typical BOP Equipment. Actual Configuration May Vary Slightly But Will Conform With Onshore Order No. 2

THREE PREVENTER HOOKUP
CLASS III
(MEETS 43 CFR, PARTS 3160, 3M SPECIFICATIONS)



RECEIVED

MAR - 3 2006

WATER RIGHTS
SALT LAKE**TEMPORARY APPLICATION
TO APPROPRIATE WATER**

Rec. by

Fee Amt. \$

Receipt #

STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 2218

TEMPORARY APPLICATION NUMBER: T76207

(NJANKO)

1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: Medallion Exploration
ADDRESS: c/o Raschelle
6985 Union Park Center Suite 375
Midvale, UT 84047

B. PRIORITY DATE: March 3, 2006

FILING DATE: March 3, 2006

2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 20.0 acre-feet

B. SOURCE:

COUNTY: Uintah

C. POINT OF DIVERSION -- UNDERGROUND:

(1) N 655 feet E 1,980 feet from SW corner, Section 19, T 12S, R 25E, SLBM
WELL DIAMETER: 12 inches WELL DEPTH: 6,301 feet
COMMENT: Existing well (Oil/gas production well)

D. COMMON DESCRIPTION: Off Atchee Ridge Road

3. WATER USE INFORMATION:

OTHER: from Jan 1 to Dec 31. OIL EXPLORATION: Used for completion of oil/gas well
Acre Feet allowed by this Right for this Use: 20.0

4. EXPLANATORY:

Land leased from Trust Lands. Applicant has mineral lease for the use of the land.

Well drilled under Oil, Gas and Mining under IP 4304732660.

Borehole is 12 1/4'; casing 5 5/8'; production hole 7 7/8' and production casing 4 1/2'.

Existing oil/gas production well - by-product of this is excess water to be used in completion of exploration wells.

Temporary Appropriation

MEDALLION EXPLORATION

ATCHEE FEDERAL #32-4-13-25

LOCATED IN UINTAH COUNTY, UTAH

SECTION 4, T13S, R25E, S.L.B.&M.



PHOTO: VIEW FROM LOCATION STAKE TO CORNER #1

CAMERA ANGLE: SOUTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

UELS

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078

435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

05 23 05
MONTH DAY YEAR

PHOTO

TAKEN BY: A.F.

DRAWN BY: S.L.

REVISED: 00-00-00

FIGURE #1

ATCHEE FEDERAL #32-4-13-25
SECTION 4, T13S, R25E, S.L.B.&M.
1980' FNL 1980' FEL

Approx.
Toe of
Fill Slope

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.

Pit Topsoil

El. 83.9
C-14.
(btm. pit)

Reserve Pit Backfill
& Spoils Stockpile

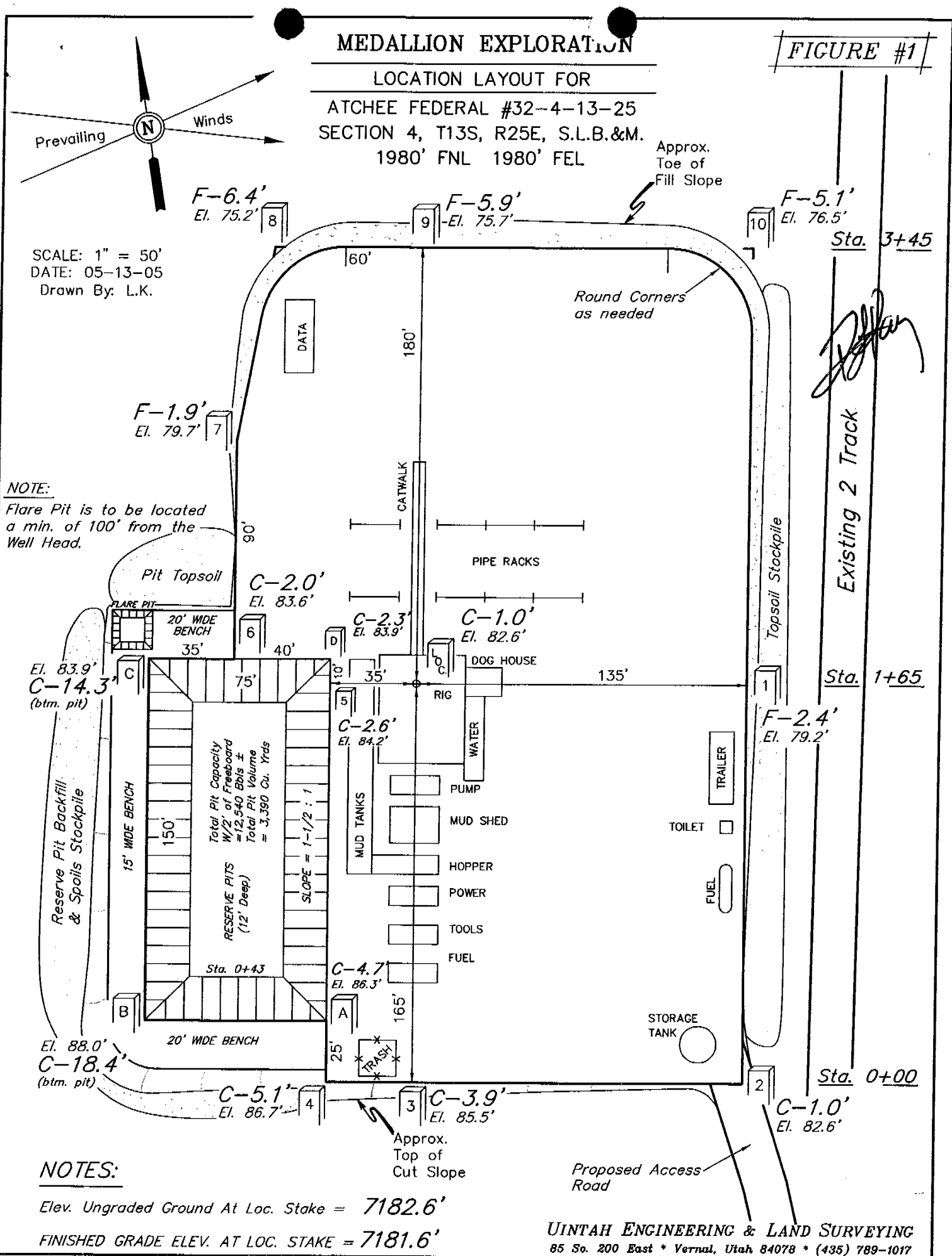
El. 88.0'
C-18.4'
(btm. pit)

NOTES:

Elev. Ungraded Ground At Loc. Stake = 7182.6'

FINISHED GRADE ELEV. AT LOC. STAKE = 7181.6'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



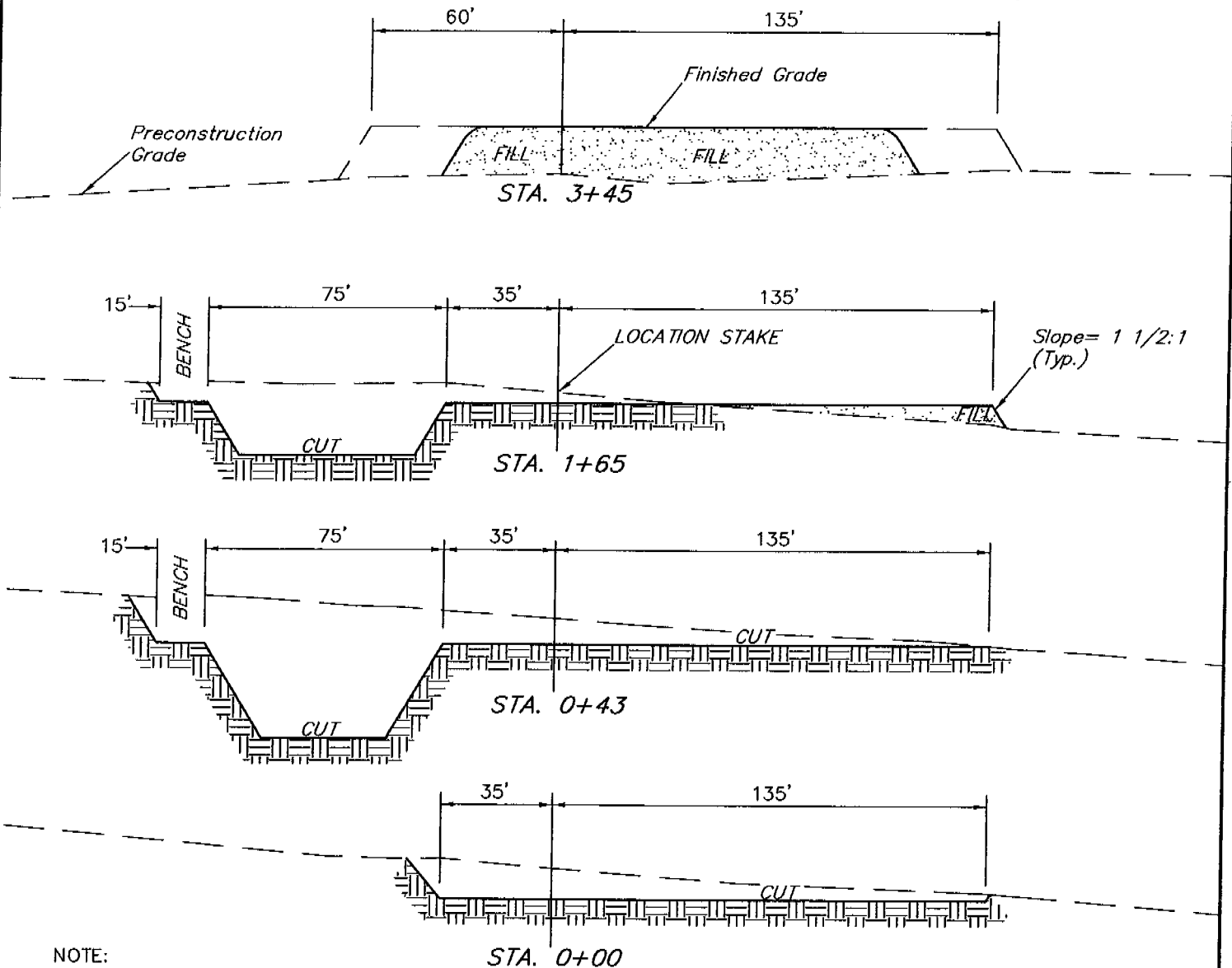
MEDALLION EXPLORATION

FIGURE #2

TYPICAL CROSS SECTIONS FOR
ATCHEE FEDERAL #32-4-13-25
SECTION 4, T13S, R25E, S.L.B.&M.
1980' FNL 1980' FEL

1" = 20'
X-Section
Scale
1" = 50'
DATE: 05-13-05
Drawn By: L.K.

[Handwritten Signature]



NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES
5% FOR COMPACTION

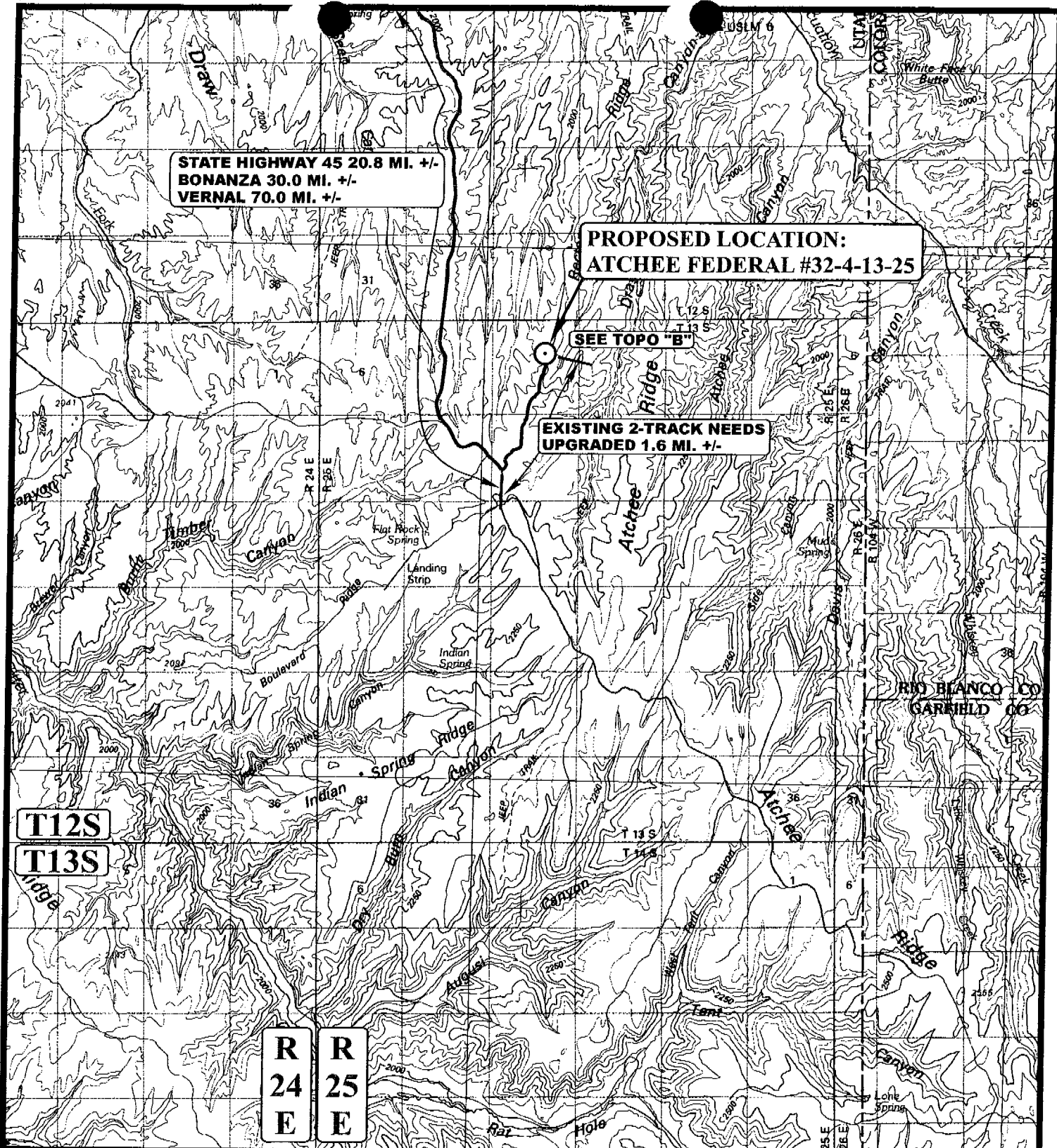
APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 1,670 Cu. Yds.
Remaining Location = 7,100 Cu. Yds.

TOTAL CUT = 8,770 CU.YDS.
FILL = 5,400 CU.YDS.

EXCESS MATERIAL = 3,370 Cu. Yds.
Topsoil & Pit Backfill = 3,370 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

○ PROPOSED LOCATION

N

MEDALLION EXPLORATION

ATCHEE FEDERAL #32-4-13-25
SECTION 4, T13S, R25E, S.L.B.&M.
1980' FNL 1980' FEL



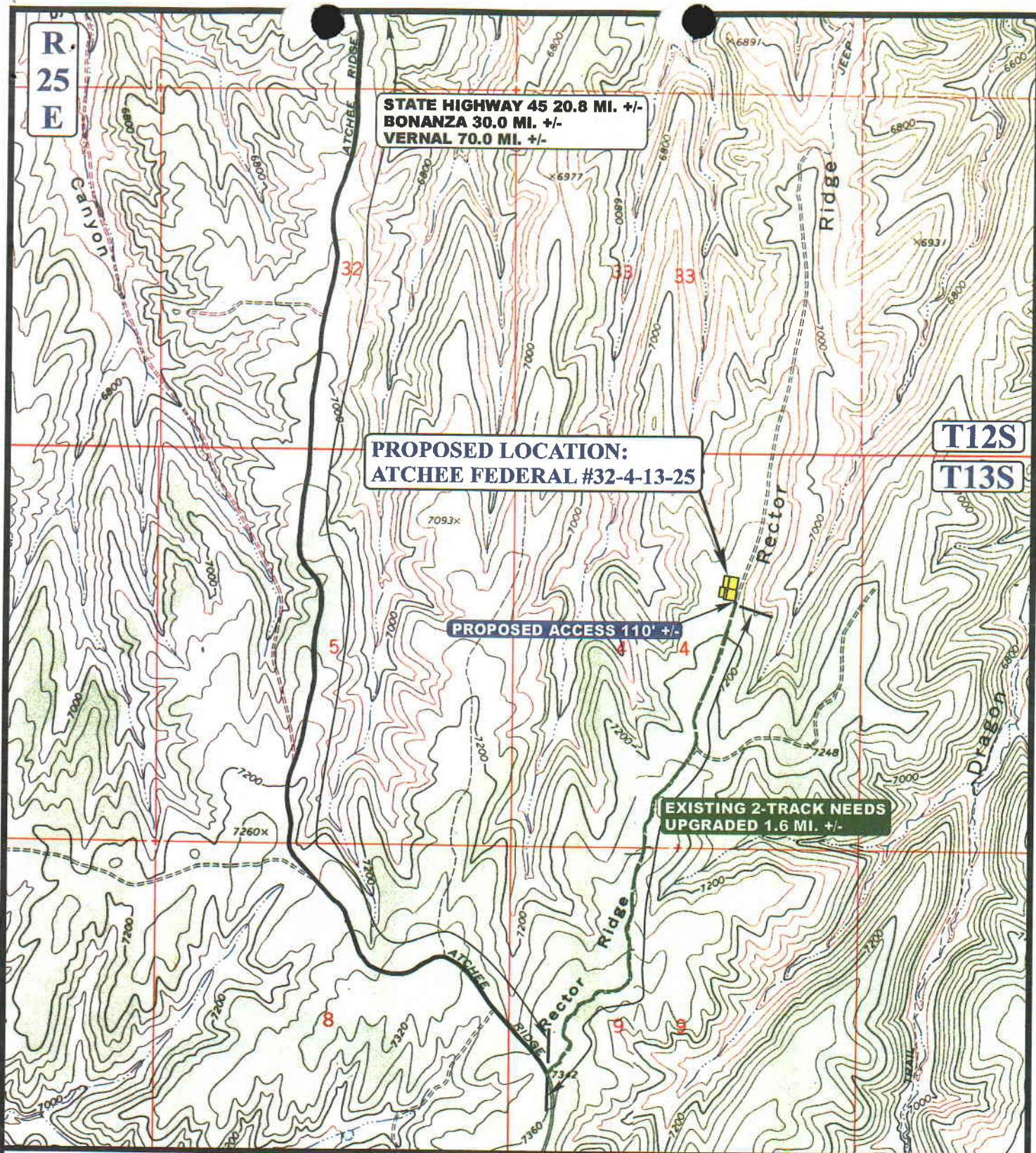
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

05 23 05
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: S.L. REVISED: 00-00-00





 EXISTING ROAD
 PROPOSED ACCESS ROAD
 EXISTING 2-TRACK NEEDS UPGRADED



MEDALLION EXPLORATION

ATCHEE FEDERAL #32-4-13-25
SECTION 4, T13S, R25E, S.L.B.&M.
1980' FNL 1980' FEL



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 85 South 200 East Vernal, Utah 84078
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TOPOGRAPHIC
MAP

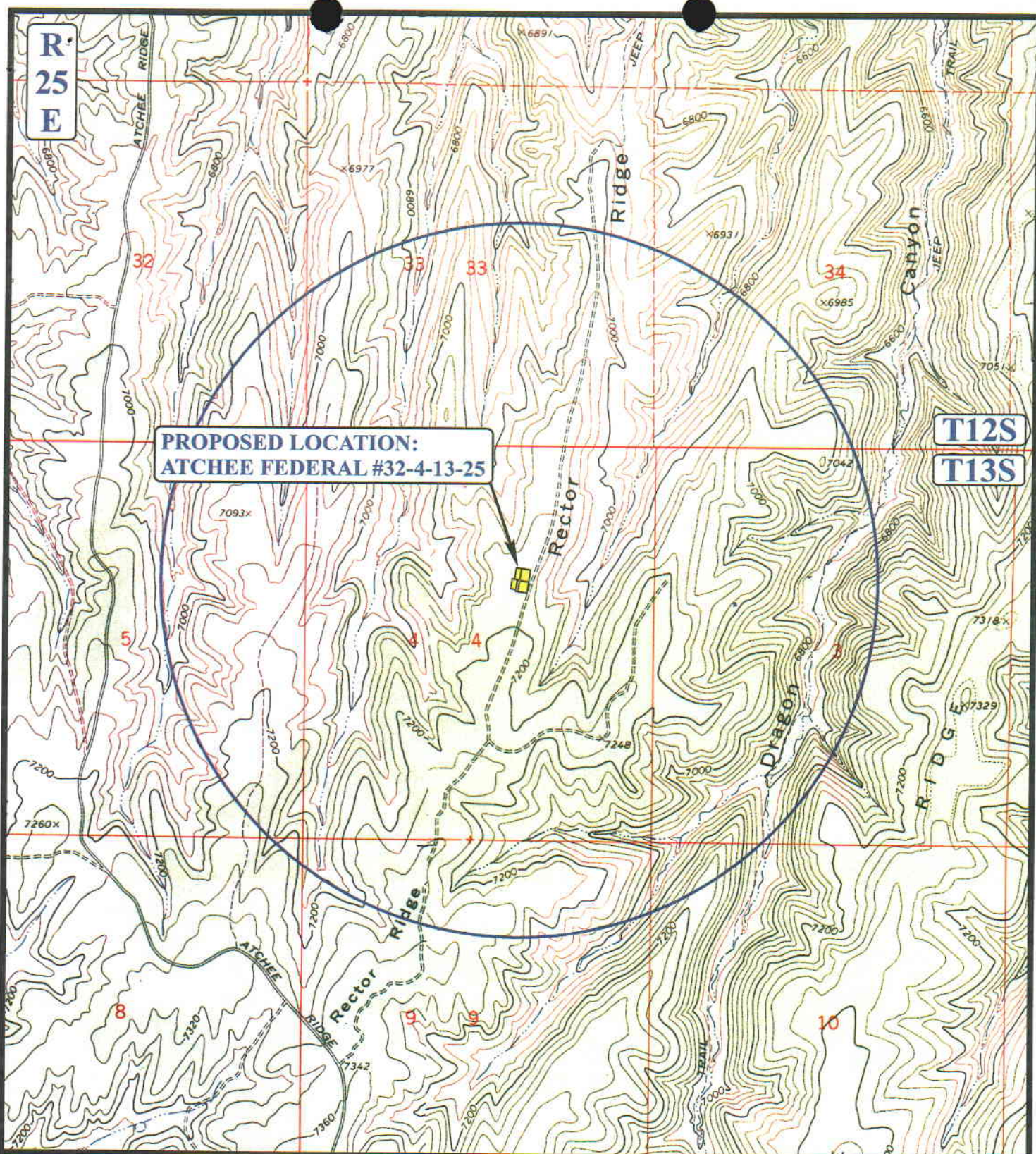
05 23 05
 MONTH DAY YEAR

SCALE: 1" = 2000'

DRAWN BY: S.L.

REVISED: 00-00-00

B
TOPO



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

MEDALLION EXPLORATION

ATCHEE FEDERAL #32-4-13-25
SECTION 4, T13S, R25E, S.L.B.&M.
1980' FNL 1980' FEL



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85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

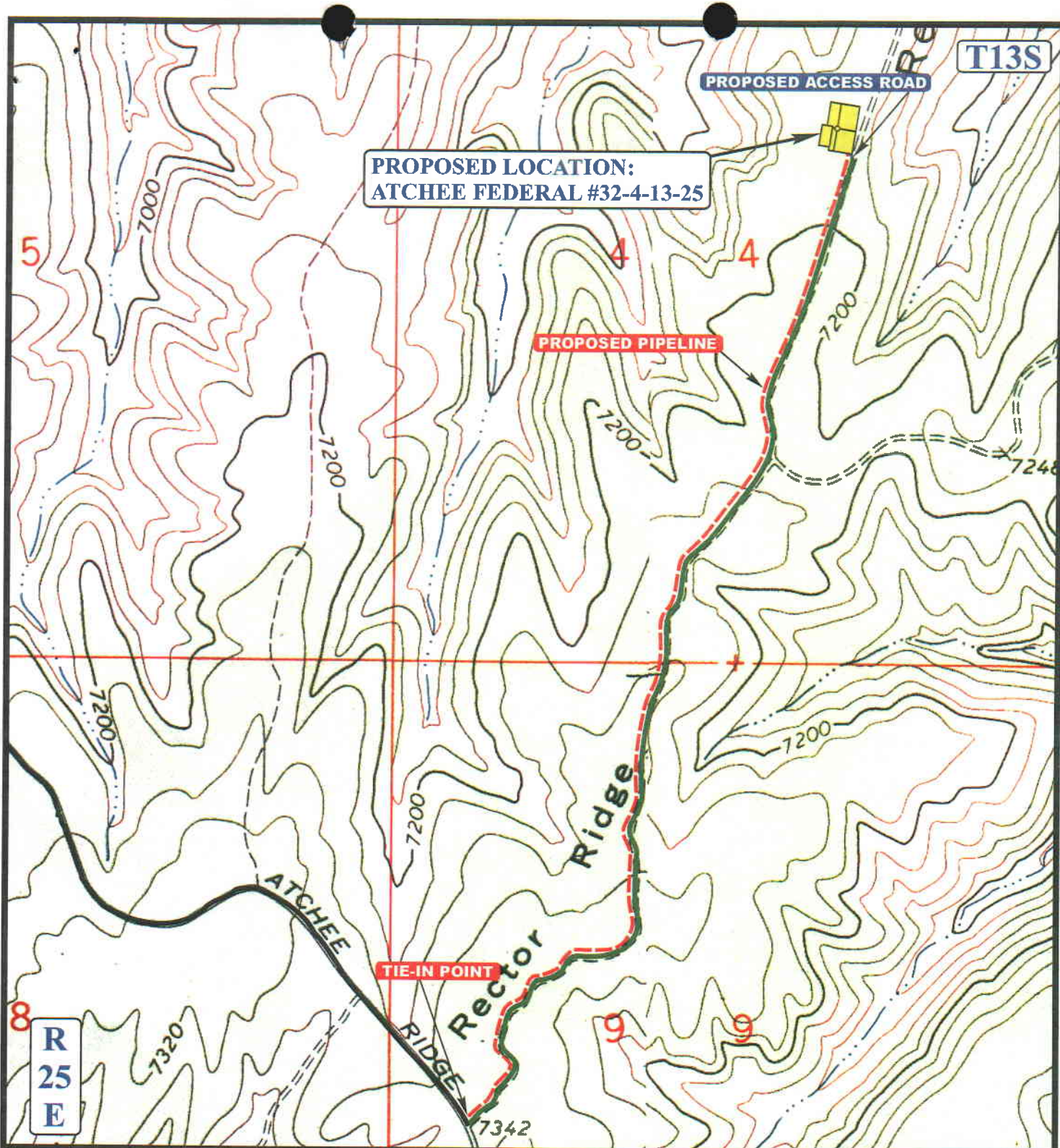


TOPOGRAPHIC
MAP

04 19 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.H. REVISED: 00-00-00

C
TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 8050' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- - - - - PROPOSED PIPELINE

MEDALLION EXPLORATION

ATCHEE FEDERAL #32-4-13-25
SECTION 4, T13S, R25E, S.L.B.&M.
1980' FNL 1980' FEL

U E L S
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC **04 19 06**
MAP MONTH DAY YEAR
 SCALE: 1" = 1000' DRAWN BY: C.H. REVISED: 00-00-00

D
TOPO

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/27/2006

API NO. ASSIGNED: 43-047-38771

WELL NAME: ATCHEE FED 32-4-13-25

OPERATOR: MEDALLION EXPLORATION (N5050)

CONTACT: RASCHELLE RICHENS

PHONE NUMBER: 801-566-7400

PROPOSED LOCATION:

SWNE 04 130S 250E

SURFACE: 1980 FNL 1980 FEL

BOTTOM: 1980 FNL 1980 FEL

COUNTY: UINTAH

LATITUDE: 39.71918 LONGITUDE: -109.1201

UTM SURF EASTINGS: 661135 NORTHINGS: 4398070

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU74874

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB000021)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit
(No. 49-2218)

☒ RDCC Review (Y/N)
(Date: _____)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

 R649-2-3.

Unit: _____

☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

 R649-3-3. Exception

 Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

 R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1. Federal Approval
2. Spacing Slip

ATCHEE RIDGE 32-12-25
 ATCHEE RIDGE ST 32-12-25
 ATCHEE RIDGE ST 22-32-12-25

32

33

34

SEEP CANYON UNIT

T12S R25E

T13S R25E

ATCHEE FED 32-4-13-25
 ATCHEE FED 32-4-13-25

5

4

3

8

9

10

1 GOVT
 ◇

WHISKEY CREEK FIELD
 INACTIVE

ENI-HATCH 15-6
 ◇

OPERATOR: MEDALLION EXPL (N5050)

SEC: 4 T.13S R. 25E

FIELD: WILDCAT (001)

COUNTY: UINTAH

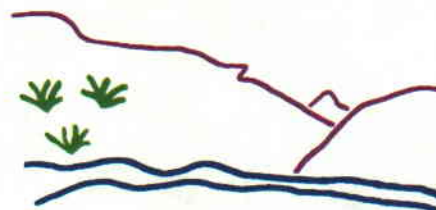
SPACING: R649-3-2 / GENERAL SITING

Field Status
 ■ ABANDONED
 ■ ACTIVE
 ■ COMBINED
 ■ INACTIVE
 ■ PROPOSED
 ■ STORAGE
 ■ TERMINATED

Unit Status
 ■ EXPLORATORY
 ■ GAS STORAGE
 ■ NF PP OIL
 ■ NF SECONDARY
 ■ PENDING
 ■ PI OIL
 ■ PP GAS
 ■ PP GEOTHERML
 ■ PP OIL
 ■ SECONDARY
 ■ TERMINATED

Wells Status

✱ GAS INJECTION
 ✱ GAS STORAGE
 ✱ LOCATION ABANDONED
 ○ NEW LOCATION
 ✱ PLUGGED & ABANDONED
 ✱ PRODUCING GAS
 ✱ PRODUCING OIL
 ✱ SHUT-IN GAS
 ✱ SHUT-IN OIL
 ✱ TEMP. ABANDONED
 ○ TEST WELL
 △ WATER INJECTION
 ○ WATER SUPPLY
 ○ WATER DISPOSAL
 ○ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
 DATE: 30-OCTOBER-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 30, 2006

Medallion Exploration
6985 Union Park Center, Ste. 375
Midvale, UT 84047

Re: Atchee Federal 32-4-13-25 Well, 1980' FNL, 1980' FEL, SW NE, Sec. 4,
T. 13 South, R. 25 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38771.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Bureau of Land Management, Vernal District Office

Operator: Medallion Exploration
Well Name & Number Atchee Federal 32-4-13-25
API Number: 43-047-38771
Lease: UTU74874

Location: SW NE **Sec.** 4 **T.** 13 South **R.** 25 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

MAR - 6 2006

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

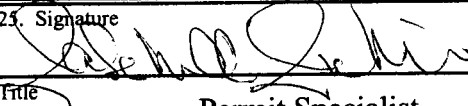
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU74874
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator MEDALLION EXPLORATION		7. If Unit or CA Agreement, Name and No.
3a. Address 6985 Union Park Center, Ste. 375 Midvale UT 84047		8. Lease Name and Well No. Atchee Federal 32-4-13-25
3b. Phone No. (include area code) 801-566-7400		9. API Well No. 43.047.38771
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface SWNE 1980' FNL & 1980' FEL At proposed prod. zone		10. Field and Pool, or Exploratory
11. Sec., T., R., M., or Blk. And Survey or Area Sec. 4 T.13S R25E		
14. Distance in miles and direction from the nearest town or post office* 71.6 Miles South of Vernal, Utah		12. County or Parish Uintah
		13. State Utah
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 1980	16. No. of acres in lease 3865.15	17. Spacing Unit dedicated to this well 160 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 4500'	20. BLM/ BIA Bond No. on file UTB000021
21. Elevations (Show whether DF, RT, GR, etc.) 7183 GL	22. Approximate date work will start* Upon Approval	23. Estimated duration 10 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/ Typed) RaSchelle Richens	Date 7-Mar-06
Title Permit Specialist		

Approved By (Signature) 	Name (Printed/ Typed) Jerry Kenczka	Date 11-13-2006
Title Assistant Field Manager	Office VERNAL FIELD OFFICE	
Lands & Mineral Resources		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Accepted by the

Utah Division of

Oil, Gas and Mining

FOR RECORD ONLY

NOV 15 2006

DIV. OF OIL, GAS & MINING

NOTICE OF APPROVAL

UDOGM



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East VERNAL, UT 84078 (435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Medallion Exploration
Well No: Atchee Federal 32-4-13-25
API No: 43-047-38771

Location: SWNE, Sec 4, T13S, R25E
Lease No: UTU-74874
Agreement: N/A

Petroleum Engineer:	Matt Baker	Office: 435-781-4490	Cell: 435-828-4470
Petroleum Engineer:	Michael Lee	Office: 435-781-4432	Cell: 435-828-7875
Supervisory Petroleum Technician:	Jamie Sparger	Office: 435-781-4502	Cell: 435-828-3913
Environmental Scientist:	Paul Buhler	Office: 435-781-4475	Cell: 435-828-4029
Environmental Scientist:	Karl Wright	Office: 435-781-4484	
Natural Resource Specialist:	Holly Villa	Office: 435-781-4404	
Natural Resource Specialist:	Melissa Hawk	Office: 435-781-4476	
Natural Resource Specialist:	Chuck McDonald	Office: 435-781-4441	
Natural Resource Specialist:	Darren Williams	Office: 435-781-4447	
Natural Resource Specialist:	Scott Ackerman	Office: 435-781-4437	
After Hours Contact Number: 435-781-4513		Fax: 435-781-4410	

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

- | | | |
|---|---|--|
| Location Construction
(Notify Paul Buhler) | - | Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion
(Notify Paul Buhler) | - | Prior to moving on the drilling rig. |
| Spud Notice
(Notify Petroleum Engineer) | - | Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing
(Notify Jamie Sparger) | - | Twenty-Four (24) hours prior to running casing and cementing all casing strings. |
| BOP & Related Equipment Tests
(Notify Jamie Sparger) | - | Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice
(Notify Petroleum Engineer) | - | Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

1. The Company has agreed to bury the pipeline.
2. If paleontologic materials are uncovered during construction, the operator shall immediately stop work that might further disturb such materials and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation will be necessary for the discovered paleontologic material.
3. All Facilities on the well pad will be Olive Black
4. The road crossing private land is county road except if additional width is needed a Private Land Owner Use Agreement will be required also, for the pipeline.
5. After the well has been completed, it will be require to do interim management on the portion of the well that is not being used. This will require bringing the topsoil back to the deadman anchor and reseed with 6 lbs of crested wheatgrass and 6 lbs of western wheat grass.

DOWNHOLE CONDITIONS OF APPROVAL

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

1. Production casing cement shall be brought up and into the surface.

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

1. There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
3. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
4. Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.

All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.

BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

No aggressive/fresh hard-banded drill pipe shall be used within casing.

5. The lessee/operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled and analyzed (a copy of the analyses to be submitted to the BLM Field Office in Vernal, Utah).
6. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.

7. The lessee/operator must report encounters of all non oil and gas mineral resources (such as gilsonite, tar sands, oil shale, etc.) to Peter Sokolosky or another geologist of the Vernal Field Office in writing within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
8. No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.
9. Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.

In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.

10. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

A cement bond log (CBL) will be run from the production casing shoe to the surface casing shoe and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.

11. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.

All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.

12. Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.
13. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
14. This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - a. Operator name, address, and telephone number.
 - b. Well name and number.
 - c. Well location (1/41/4, Sec., Twn, Rng, and P.M.).
 - d. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - e. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - f. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - g. Unit agreement and / or participating area name and number, if applicable.
 - h. Communitization agreement number, if applicable.

15. Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
16. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production
17. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
18. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: MEDALLION EXPLORATION

Well Name: ATCHEE FED 32-4-13-25

Api No: 43-047-38771 Lease Type: FEDERAL

Section 04 Township 13S Range 25E County UINTAH

Drilling Contractor LEON ROSS DRLG RIG #

SPUDDED:

Date 04/25/07

Time 8:00 AM

How DRY

Drilling will Commence:

Reported by RASCHELLE

Telephone # (801) 566-7400

Date 04/25/07 Signed CHD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: MEDALLION EXPLORATION Operator Account Number: N 5050
 Address: 3165 E. MILLROCK DR.
city HOLLADAY
state UT zip 84121 Phone Number: (801) 566-7400

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304737193- 38721	ATCHEE FEDERAL 32-4-13-25		SWNE	4	13	25	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16131	4/25/2007		5/30/07		
Comments: <u>MVRD</u>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

RaSchelle Richens

(Name Please Print)

Signature

Regulatory Affairs

Title

5/30/2007

Date

(5/2000)

RECEIVED**MAY 30 2007****DIV. OF OIL, GAS & MINING**

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Medallion Exploration

Today's Date: 09/18/2007

Well:	API Number:	Drilling Commenced:
Atchee St 2-29-12-25 drlg/wcr	4304736841	10/17/2005
Atchee Ridge 16-19 #1 drlg/wcr	4304735927	10/19/2005
Atchee Fed 32-4-13-25 drlg/wcr	4304738771	04/25/2007

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
UTU74874

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Medallion Exploration

3a. Address
3165 E. Millrock Dr. Ste. 550 Holladay, Utah 84121

3b. Phone No. (include area code)
801-566-7400

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 1980' FEL SWNE Sec. 4, T.13S, R25E

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
Atchee Federal 32-4-13-25

9. API Well No.
4304738771

10. Field and Pool or Exploratory Area

11. Country or Parish, State
Uintah Co., Utah

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other <u>Well Update</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

The Atchee Federal 32-4-13-25 has been drilled and completed. Our initial 4 day test averaged 140 bbl of H2O per day with no gas. We are waiting on a gas trunk to be installed.

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
RaSchelle Richens

Title Regulatory Affairs Specialist

Signature

Date 12/02/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

DEC 12 2007

DIV. OF OIL GAS & MINING

COMPLETION PROCEDURE

Atchee Federal 32-4-13-25

Atchee Ridge Field
SEC. 4, TWP. 13S, RGE 25E
Uintah County, Utah
API# 043-047-37193

WELL INFORMATION

Elevation:	7,200' RKB (7,183' GL)
Total Depth:	3,860' RKB (Loggers depth)
PBTD:	Approx. 3,820' RKB
Casing:	5-1/2", 15.50 #/ft., J-55 Casing

PROCEDURE

1. MIRU service rig. ND Wellhead, NU BOP's.
2. Fill 5-1/2" casing with water.
3. Rig up Logging Company with lubricator and pressure casing up to 1,000 psi.
4. RUN CBL from plug back TD to 200' above top of cement.
5. RD CBL and RU to perforate.
6. RIH and perforate the following interval w/4 spf on 120° phasing based on Schlumberger Platform Express Print dated 8/03/2007:

3,752' – 3,755'	3', 12 shots
3,746' – 3,750'	4', 16 shots
3,608' – 3,610'	2', 8 shots
3,598' – 3,602'	4', 16 shots
3,593' – 3,595'	2', 8 shots
3,562' – 3,566'	4', 16 shots
3,524' – 3,530'	6', 24 shots

TOTAL – 36', 144 Shots

7. RDMO Wireline Truck..
8. RIH with Stator, No-turn tool and 2-3/8", 4.6 #/ft., J-55 tubing and set same at approximately 3,810' RKB.
9. RID with Rotor and 7/8" rods (w/ rod guides) and space out same.
10. ND BOP's, NU Wellhead.
11. RDMO service rig.

Medallion Exploration
Atchee Federal 32-4-13-25
API#: 4304738771
Sec. 4, T13S, R25E
Uintah Co., Utah

- 04/25/07 (Day 1) Load up 12 jets. of 9-5/8" casing. Haul to location and unload. Leave truck & trailer on location. Stand by for service rig, spot on location. Rig up, drill conductor pipe hole.
- 04/26/07 (Day 2) Warm up equipment, set conductor pipe. Nipple up 12 1/4" bit. Drill from 3' to 120', clean hole, TOO H, shut rig down for night.
- 04/27/07 (Day 3) Warm equipment, trip in hole. Drill 12 1/4" hole from 120' to 500'. Clean up hole, TOO H, shut down for the night.
- 04/28/07 (Day 4) Warm up equipment, TIH & clean up hole. TOO H, lay down collars and drill pipe. Run in 485, 35' of 9-5/8" 36# j-55 casing, using 1 centralizer per 100' for a total of 5. 1 float shoe. Nipple up Superior Well Service. Cement surface pipe to surface with 30 bbls return to pit. Nipple down cementers, release water trucks, secure location.
- 05/14/07 (Day 5) Load pit liner and well head, haul to location. Unload pit liner, cut off 9-5/8" casing. Weld on well head from Cameron. Set bottom of well head @ ground level. Set anchors and tested them.
- 05/21/07 (Day 6) Travel to Roosevelt, load mud tank and shaker, also load rotating head, travel to location. Move rig from Atchee Ridge 16-19 #1 to Atchee Federal 32-4-13-25. Set up rig subs and pumps. Also set mud tanks, mud pump and stood up rig.
- 05/22/07 (Day 7) Prep pit for pit liner, set pit liner & cover all edges. Set tool shack & dog house in place.
- 07/27/07 (Day 8) Nipple up BOP, diverter and flow-line. Stand by for testers. Test annular bag, pipe rams, blind rams & casing, nipple down treaters. Pick up 7-7/8" bit #1. Pick up 15 drill collars, trip in hole. Tag cement @ 456'.
Drill cement out to 489'. Drill formation, change pump packing & adjust Swivel packing. 647' @ change.
- 07/28/07 (Day 9) Shift change, continue to drill formation. Mix sweeps of alcomer. Drilling is slowly but steady. Appear to have some water loss, nothing Major but yet visible. Footage @ shift change 997'. Pull valves on pump, pump was air locked. Continue to drill formation. Things went well on the night shift, no problems to report. Footage @ shift change is 1477'.

Medallion Exploration
Atchee Federal 32-4-13-25
API#: 4304738771
Sec. 4, T13S, R25E
Uintah Co., Utah

- 07/29/07 (Day 10) Continue to drill formation. Drilling is still slow & steady. Crew drilled from 1477' to 1851'. Shift change. Drill formation, 1851' to 2010'. Lost pump pressure, pull up into bushing. Change out left piston on pump. Primp pump & circulate. Drill formation, 2010' to 2036'.
- (Day 11) Continue to drill formation. Pull all valves on pump, replace with new valves. Repair shakers, think bearings are going out. Drill formation. Footage @ shift change 2376'. Repair suction valve on mixing tank. Drill Formation, 2376'-2642'.
- (Day 12) Drill formation from 2642' to 2700'. Replace swivel packing & wash pipe. Continue drilling formation until shift change. Drill ahead with 30,000# on bit, rotary rpm-50, pump strokes pm, mud wt -9# & vis is 33. Drill formation until shift change.
- 08/01/07 (Day 13) Continue drilling, penetration rate is slow, 1 hr 20 min per kelly. Nothing abnormal to report. Shift change. Drilling remains the same. Had several coal seems with gas shows. Had connection of 1814 units.
- 08/02/07 (Day 14) Continue drilling. Drilling rate has not changed. All equipment is running well. Nothing out of the ordinary to report. Footage @ shift change 3840'. Drill from 3840' to 3851'. Drill rate has slowed down 35 Min. per ft. Circulate hole, run sweeps. POOH, stand back drill pipe & collars.
- 08/03/07 (Day 15) Stand by for loggers. Rig up Schlumberger logging. Run open hole logs. Rig down Schlumberger. Trip in hole with collars & drill pipe. Circulate hole. POOH, lay down drill pipe. Shift change. Continue to lay Down drill pipe & collars. Rig up casing crew. Run casing. 98 jets 5.50" 17# j-55 = 3861.59'.
- 08/04/07 (Day 16) Rig down casing crew. Nipple up circulating head, circulate casing. Nipple up Superior Well Services. Close in well, wash up tools, secure location. Release rig @ 16:30 hrs.

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Medallion Exploration

Today's Date: 02/14/2008

Well:	API Number:	Drilling Commenced:
Atchee ST 2-29-12-25	4304736841	10/17/2005
Atchee Ridge 16-16 #1	4304735927	10/19/2005
Atchee Fed 32-4-13-25	4304738771	04/25/2007

13S 25E 4

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED

OMB NO. 1004-0137

Expires: July 31, 2010

5. LEASE DESIGNATION AND SERIAL NO.

UTU-74874

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Other
b. Type of Completion ☒ New Well ☐ Workover ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.

Other

2. Name of Operator

Medallion Exploration

3. Address
3165 E. Millrock Dr. #550
Holladay, Utah 84121

3a. Phone No. (include area code)
801-566-7400

6. INDIAN ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT

8. FARM OR LEASE NAME

Atchee Federal 32-4-13-25

9. API WELL NO.

4304738771

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At surface 1980' 1980' Lat. 394309.11 Long. 1090714.71
FNL FEL

At top prod. Interval reported below 3524

At total depth 3755

14. Date Spudded
4/25/2007

15. Date T.D. Reached
8/2/2007

16. Date Completed
☐ D & A 10/23/2007 ☒ Ready to Prod.

17. ELEVATIONS (DF, RKB, RT, GR, etc.)*

7183' GL GR KB

18. Total Depth: MD 3851'
TVD

19. Plug back T.D.: MD
TVD

20. Depth Bridge Plug Set: MD
TVD

21. Type Electric & other Logs Run (Submit a copy of each)

Platform Express Gamma Ray

Platform Express Litho Density, Comp Neutron Array Induct

22. Was well cored? ☒ No ☐ Yes (Submit analysis)

Was DST run? ☒ No ☐ Yes (Submit report)

Directional Survey? ☒ No ☐ Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/ Grade	Wt. (#/ft.)	Top (MD)	Bottom(MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (Bbl)	Cement Top*	Amount Pulled
12-1/4	9-5/8 J55	36#	0	485.35	0	122 Sks Cls A/130 cls H		0	
7-7/8	5-1/2 J55	17#	0	3861.59	0	285 sks Cls A		1090	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-3/8	3281.52							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. of Holes	Perf. Status
A) Mesa Verde	1995	3754				
B)			See Attached Sheet			
C)						
D)						

26. Perforation Record

27. Acid, Fracture Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material

28. Production- Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil Bbl	Gas MCF	Water Bbl	Oil Gravity Corr. API	Gas Gravity	Production Method
	11/15/2007	24	→			145			Pump
Choke Size	Tbg. Press Flwg. SI	Csg. Press.	24 Hr. Rate	Oil Bbl	Gas MCF	Water Bbl	Gas: Oil Ratio	Well Status	
			→						

28a. Production- Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil Bbl	Gas MCF	Water Bbl	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press Flwg. SI	Csg. Press.	24 Hr. Rate	Oil Bbl	Gas MCF	Water Bbl	Gas: Oil Ratio	Well Status	
			→						

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MAR 06 2008

Date First Produced	Test Date	Hours Tested	Test Production ➔	Oil Bbl	Gas MCF	Water Bbl	Oil Gravity Corr. API	Gas Gravitv	Production Method
Choke Size	Tbg. Press Flwg. SI	Csg. Press.	24 Hr. Rate ➔	Oil Bbl	Gas MCF	Water Bbl	Gas: Oil Ratio	Well Status	

Date First Produced	Test Date	Hours Tested	Test Production ➡	Oil Bbl	Gas MCF	Water Bbl	Oil Gravity Corr. API	Gas Gravty	Production Method
Choke Size	Tbg. Press Flwg. SI	Csg. Press.	24 Hr. Rate ➡	Oil Bbl	Gas MCF	Water Bbl	Gas: Oil Ratio	Well Status	


[illegible]

Waiting on gas transmission line.

☐ Electrical/ Mechanical Logs (1 full set required)
 ☐ Geologic Report
 ☐ DST Report
 ☐ Directional Survey

☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other:

Name (please print) RaSchelle Richens Title Regulatory Affairs Specialist

Signature  Date 2/28/2008

(Form 3160-4, page 2)

COMPLETION PROCEDURE

Atchee Federal 32-4-13-25
Atchee Ridge Field
SEC. 4, TWP. 13S, RGE 25E
Uintah County, Utah
API# 043-047-37193

Perf Record

RIH and perforate the following interval w/4 spf on 120° phasing based on Schlumberger Platform Express Print dated 8/03/2007:

3,752' – 3,755'	3', 12 shots
3,746' – 3,750'	4', 16 shots
3,608' – 3,610'	2', 8 shots
3,598' – 3,602'	4', 16 shots
3,593' – 3,595'	2', 8 shots
3,562' – 3,566'	4', 16 shots
3,524' – 3,530'	6', 24 shots

TOTAL – 25', 100 Shots

RECEIVED

MAR 06 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU74874
1. TYPE OF WELL		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: MEDALLION EXPLORATION		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: 6965 Union Park Center #400 , Cottonwood Heights, UT, 84047		8. WELL NAME and NUMBER: ATCHEE FED 32-4-13-25
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1980 FNL 1980 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWNE Section: 04 Township: 13.0S Range: 25.0E Meridian: S		9. API NUMBER: 43047387710000
PHONE NUMBER: 801 453-3262		9. FIELD and POOL or WILDCAT: EX WILDCAT
COUNTY: UINTAH		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 8/2/2016	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION	
<input type="checkbox"/> DRILLING REPORT Report Date:	OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
1- POOH w/tbg & pump assembly. 2- RIH w/5.5" scrapper to 3603', circulate well w/corrosion chemical, L/D tbg. 3- RIH w/5.5" CIBP & set @ 3338', 186' above top perms, test csg to 700 psi, test good. 4- Pump plug #1 10 sx , 15.8 ppg cmt plug on CIBP f/3338' to 3250', 88', L/D tbg to 2100'. 5- Pump plug #2, 25 sx, 15.8 ppg balanced plug, f/2100' to 1880', 220'. L/D tbg to 1547'. 6- Pump plug #3 25 sx 15.8 ppg balanced plug f/1547' to 1327', 220'. TOOH. 7- Shoot 4 hole perf @ 580'. 8- TIH w/5.5" CICR to 481' and set, test csg to 780 psi, test good. 9- Pump plug #4, 62 sxs, 50 sxs below CICR and 12 sxs above, plug f/580' to 375', 205'. 10- Cut off wellhead. 11- P/U 100' 1" pipe, pump 25 sx 15.8 ppg cmt in 9.625" x 5.5" annulus to surface and 15 sx 15.8 ppg plug in 5.5" csg to surface. 12- Install dry hole marker plate 3' below grade. All cement used was Class G. Dates on well 7-28 to 8-2.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY September 16, 2016		
NAME (PLEASE PRINT) Dana Christiansen	PHONE NUMBER 801 453-3262	TITLE Field Manager
SIGNATURE N/A	DATE 9/10/2016	